

## **EXHIBIT A**

## memorandum

b1, b7, b7C  
1-10-97

## DATE:

March 25, 1997

REPLY TO  
ATTN OF:

Superintendent, Uintah &amp; Ouray Agency, Ft. Duchesne, UT

## SUBJECT:

Approved Communitization Agreements

## TO:

Bureau of Land Management, Utah State Office  
Attn: Theresa Thompson

RECEIVED

MAR 31 1997

Transmitted herewith for your records is an approved Communitization Agreement, and **Uinta Oil & Gas**, will be the operator, for the following location:

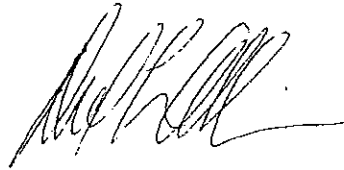
CA Number	Sec/Twnshp/Rng	Legal Description	Acres
UTU76245	2-2S-1E	All	650.90

The enclosed instruments are approved on the date of this letter. **Uinta's Bond** will be used to cover all CA operations, plugging and abandonment of wells.

Copies of the approved instruments are being distributed to the appropriate federal offices, with one copy retained at this office. Concurrent with approval of this CA, is the approval for Change of Operator of any wells located within the above listed section/township/range.

Be advised that approval of the Designation of Operator does not replace the Lessee(s) of Record, nor does it relieve the Lessee(s) of Record of their responsibilities according to lease terms and conditions.

If you have any questions, please contact this office.



cc: BLM

T

CONTRACT NO. UTU 76245

## COMMUNITIZATION AGREEMENT

THIS AGREEMENT, WITNESSETH, That:

WHEREAS, the parties hereto own working, royalty, patented or fee or leasehold interests, or operating rights under oil and gas leases, on lands subject to this agreement which can be best developed and operated in conformity with a well spacing program; and

WHEREAS, to conserve natural resources the parties hereto desire to communitize and pool their respective mineral interests for the purpose of developing and producing communitized substances in accordance with the Acts of May 11, 1938, 52 Stat. 347, as amended, 25 U.S.C. 396a *et seq.*, and March 3, 1909, 35 Stat. 783, as amended, 25 U.S.C. 396;

NOW, THEREFORE, the parties agree as follows:

### 1. Communitized Area.

The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 2 South, Range 1 East, U.S.M.  
Section 2: All  
Containing 650.90 acres, m/1  
Utah County, Utah

This agreement shall involve only the following formations:

This agreement shall be binding on the following formations:  
That interval below the stratigraphic equivalent of 9,600 feet depth in the "E" log of the Carter #2 Bluebell Well located in the SW<sup>1</sup>/<sub>4</sub> NW<sup>1</sup>/<sub>4</sub> Section 3, Township 1 South, Range 2 West, U.S.M. (which equivalence is the depth 9,530 feet of the sp curve, Dual Induction log, run March 15, 1968, in the Chevron #1 Blanchard Well located in the NW<sup>1</sup>/<sub>4</sub> SE<sup>1</sup>/<sub>4</sub> of said Section 3 to the base of the Green River-Wasatch formations.

## 2. Acreage and Ownership.

Attached hereto is a plat designed as Exhibit "A" showing the communitized area.

Attached hereto is Exhibit "B" showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

### 3. Operator.

The Operator of the communitized area shall be Uinta Oil & Gas, Inc.

Matters of operation shall be governed by the designated Operator. Owners of the working interest in the communitized area may nominate a successor operator by filing four (4), executed copies of a Designation of Successor Operator with the Deputy Minerals Manager, Minerals Management Service (herein referred to as D.M.M.), for approval by the Superintendent.

#### 4. Reports..

Operator shall furnish the Secretary with the operations, statements of oil and gas production and monthly the royalty due as specified in the regulations following the month reported on; (3) the completion of the well or approval of the well by the gas regulations.

Interior, or his authorized representative, with (1) monthly reports of production and such other data as are deemed necessary to compute applicable oil and gas production, including regulations by the 15th day of the month following the month of production; (2) a unitized area within 15 days of the date of production; and (3) such other data as may be required by applicable oil and gas laws, rules, regulations, and orders.

### 5. Communitized Substances

The communized area shall be reallocated among the owner bears to the entire acreage. The communized area shall be

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nitized substances produced  
age interests of each interest  
production on one parcel in  
therein.

## 6. Segregation of Leases.

Any portion of an Indian leasehold interest not included within the communitized area is hereby segregated from that portion included within the communitized area, and is considered as a separate lease with the same parties subject to all of the terms of the original lease, excepting only the portion committed thereto.

## 7. Royalties.

The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis described in each of the individual leases.

## 8. Full Development.

The D.M.M. may either require the drilling and production of such wells as, in his opinion, are necessary, to insure reasonable diligence in the development and operation of the communitized area, or in lieu thereof, require the payment of an amount as determined by the D.M.M. to compensate the interest owners in full each month for the estimated loss of royalty.

The Operator shall:

(1) Drill and produce all wells necessary to offset or protect the communitized area from drainage, or in lieu thereof, to compensate the interest owners in full each month for the estimated loss of royalty through drainage. The necessity for offset wells shall be determined by the D.M.M. Payment in lieu of drilling and production shall be with the consent of, and in an amount determined by, the D.M.M.

(2) Drill and produce other wells, at the election of the Operator, subject to any system of well spacing or production allotments authorized and approved under applicable law or regulations, approved by the Secretary and affecting the communitized area.

## 9. Production and Disposal under Federal Law.

Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal statutes. No party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from compliance with, Federal laws and regulations or orders issued thereunder.

## 10. Effective Date.

This agreement becomes effective when all interest owners or someone authorized to act in their stead have executed this instrument or a counterpart thereof and the same has been approved by the Superintendent. The terms of the agreement shall apply to all production, either prior to or subsequent to the effective date, as of the date of first production and shall remain in force and effect so long thereafter as communitized substances are produced from the communitized area in paying quantities. In the event that any lease committed to this agreement is beyond its primary term prior to production in paying quantities, the lease terms apply.

## 11. Secretarial Supervision.

The Secretary of the Interior or his designate shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas lease in which owners of Indian Lands are lessors and in the applicable oil and gas regulations of the Department of the Interior.

## 12. Covenants Running with the Land.

The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates. Any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successor in interest, and as to Indian Lands shall be subject to approval by the Secretary of the Interior.

## 13. Nondiscrimination.

In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7), inclusive, of Executive Order 11546 (30 FR 12319), giving, however, such preference to Indians as applicable law permits.

## Signing of Agreement by Counterparts.


This agreement may be executed in any number of counterparts, each of which may be ratified or consented to by separate instrument, and all of which when taken together shall constitute one and the same agreement upon all parties who have executed such counterpart, and it shall be as valid as if all parties had signed the same document.

## 14. Lease Terms Control as Modified.

Oil and gas leases in the communitized area shall remain in effect except as hereinafter modified.

no one of which need be executed by all parties, specifically referring to the same, and no consent hereto shall be required.

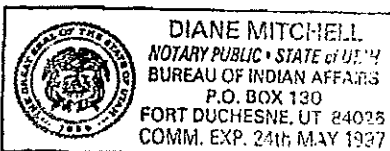
DATED AND APPROVED this 20th day of March, 1996, by the United States of America, acting through the Bureau of Indian Affairs, and delegated to the Superintendent by Phoenix Area Redlegation Order No. 3, Sec. 2-17 (34 Fed. Reg. 11109).

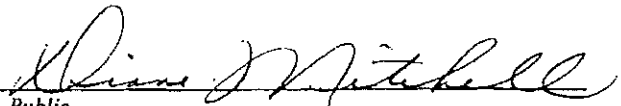
  
Superintendent  
CME

### ACKNOWLEDGEMENT OF SUPERINTENDENT

State of UTAH  
County of UINTAH } ss:

BEFORE ME, a Notary Public, in and for said County and State, on this 20th day of March, 1996, personally appeared DAVID L. ALLISON, whose name is subscribed to the foregoing instrument as Superintendent, Uintah and Ouray Agency, Bureau of Indian Affairs, and who acknowledged that he now is and was at the time of signing the same, Superintendent of the Uintah and Ouray Agency, Bureau of Indian Affairs, and he personally acknowledged to me that he executed this said document in his official capacity and pursuant to authority delegated to him for the use and purpose set forth therein.



  
Notary Public

My Commission Expires: 5-24-97

Attached to and made a part of that certain Communitization Agreement Covering T2S, R1E, Section 2, U.S.M.

Uinta Oil & Gas Inc.

By

Craig Phillips

### ACKNOWLEDGMENT

State of Utah

ss:

County of Uintah

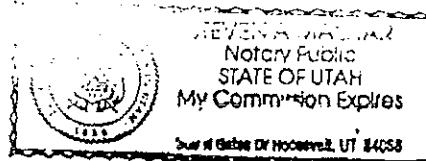
On the 26<sup>th</sup> day of September, 1996, personally appeared before me, Craig Phillips who being by me duly sworn did say that he is the President of Uinta Oil & Gas Inc., lessee, and that this lease was signed in behalf of said corporation by authority of its bylaws or a resolution of its Board of Directors dated August 16 - 96 and acknowledged to me that said corporation executed the same.

Notary Public

Residing at

My Commission Expires:

07/16-1999



Attached to and made a part of that certain Communitization Agreement Covering T2S, R1E,  
Section 12, U.S.M.

Ute Indian Tribe

By Ruby Atwine

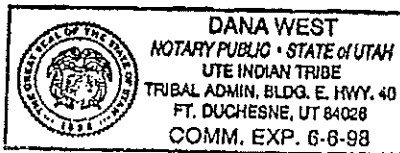
### ACKNOWLEDGMENT

State of Utah

ss:

County of Uintah

On the 10th day of ~~September~~ <sup>November</sup> 1996<sup>7</sup>, personally appeared before me, who being by me duly sworn did say that she is the Chairman of The Tribal Business Committee of the Ute Indian Tribe of the Uintah and Ouray Reservation, Utah, and that this Communitization Agreement was signed in behalf of the Ute Tribe by authority of its constitution and bylaws and a resolution of the Tribal Business Committee dated Mar 28, 1996 (46-054) and acknowledged to me that the Ute Tribe executed the same.



Dana West  
Notary Public

Residing at Ft. Duchesne, Ut

My Commission Expires: 6/6/98

Attached to and made a part of that certain Communitization Agreement Covering T2S, R1E,  
Section 12, U.S.M..

Ute Distribution Corporation

By Lois LaRose  
Lois LaRose

**ACKNOWLEDGMENT**

State of Utah

ss:

County of Duchesne

On the \_\_\_\_\_ day of Seotember, 1996, personally appeared before me Lois LaRose,  
who being by me duly sworn did say that she is the President of Ute Distribution Corporation  
lessee, and that this lease was signed in behalf of said corporation by authority of its bylaws or a  
resolution of its Board of Directors dated \_\_\_\_\_, and acknowledged to me  
that said corporation executed the same.

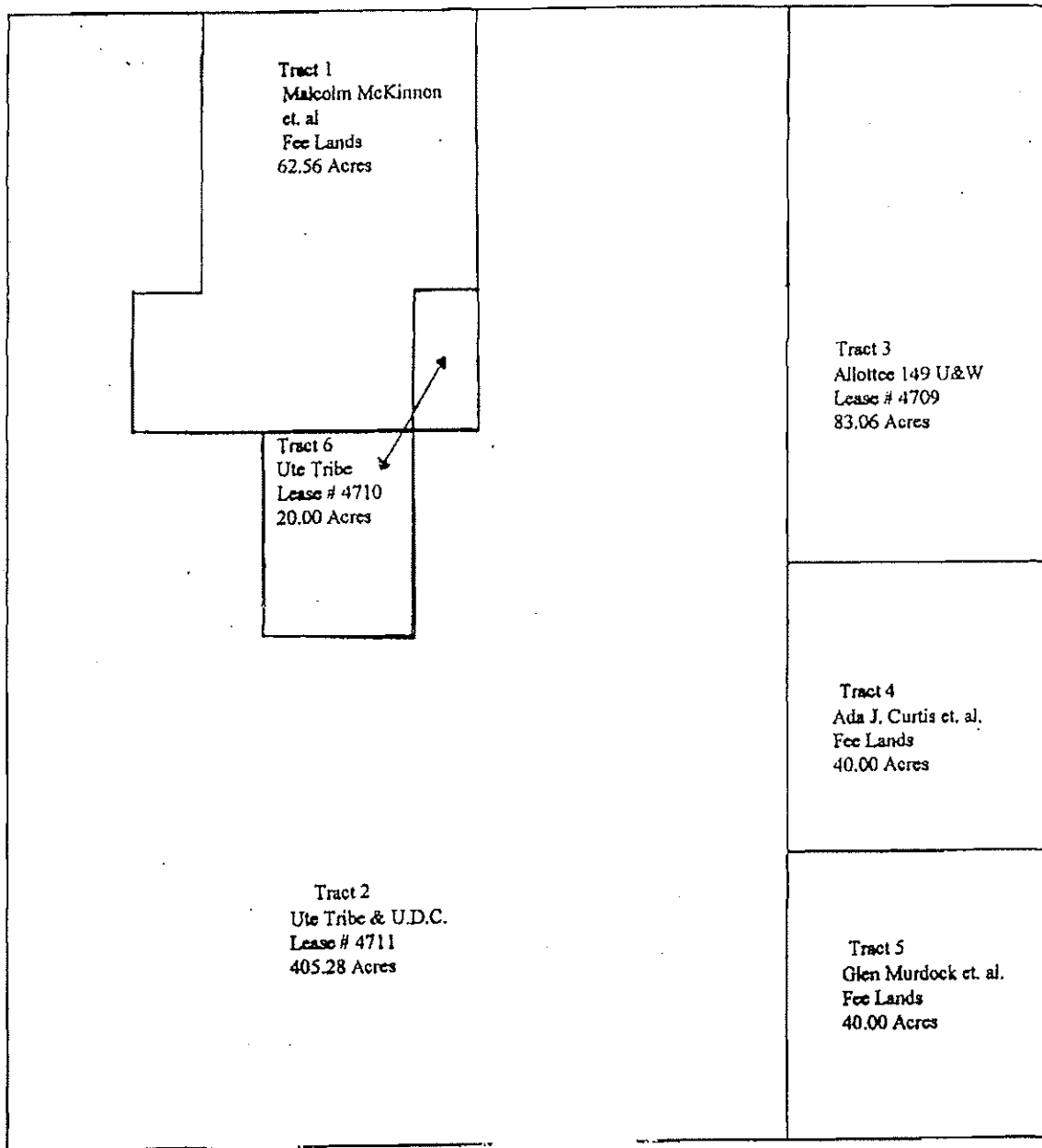
\_\_\_\_\_  
Notary Public

Residing at \_\_\_\_\_

My Commission Expires: \_\_\_\_\_



**TOWNSHIP 2 SOUTH, RANGE 1 EAST U.S.M.**  
**SECTION 2: ALL (650.90 acres)**



RECAPITULATION  
 SUMMARY

Tract 1	9.61%
Tract 2	2.27%
Tract 3	2.76%
Tract 4	6.14%
Tract 5	14%
Tract 6	3.08%
650.90 Acres	100.00%

Township 2 South, Range 1 East, U.S.M.

Section 2: All (650.90 acres)

Uintah County, Utah

TRACT 1

Lessor: Malcolm N. McKinnon Zions Bank Trustee

Lessee: Uinta Oil & Gas, Inc.

Date of Lease: May 6, 1996

Recorded: Bk 634 pg 225

Base Royalty: 1/6

Description: Township 2 South, Range 1 East, U.S.M.  
Section 2: Lots 6, 7, 8, NE/4 SW/4 NW/4,  
NW/4 SE/4 NW/4

Gross Acres: 62.56

Name and Percentage of working interest owners: Uinta Oil & Gas, Inc. 100%

Name and Percentage of Overriding Royalty Owners: None

Pooling Provision: Yes

Lessor: A. Burnell Rich et al

Lessee: Uinta Oil & Gas, Inc.

Date of Lease: May 3, 1996

Recorded: Bk 632 pg 266

Base Royalty: 1/6

Description: Township 2 South, Range 1 East, U.S.M.  
Section 2: Lots 6, 7, 8, NE/4 SW/4 NW/4,  
NW/4 SE/4 NW/4

Gross Acres: 62.56

Name and Percentage of working interest owners: Uinta Oil & Gas, Inc. 100%

Name and Percentage of Overriding Royalty Owners: None

Pooling Provision: Yes

Lessor: Hank Swain Family Trust

Lessee: Unleased.

Date of Lease:

Recorded:

Base Royalty:

Description: Township 2 South, Range 1 East, U.S.M.  
Section 2: Lots 6, 7, 8, NE/4 SW/4 NW/4,  
NW/4 SE/4 NW/4

Gross Acres: 62.56

Name and Percentage of working interest owners: Uinta Oil & Gas, Inc.

Name and Percentage of Overriding Royalty Ow: None

Pooling Provision:

## TRACT 2

Lessor: Ute Tribe & U.D.C #14-20-H62-4711.  
Lessee: Uinta Oil & Gas, Inc.  
Date of Lease: April 24, 1996  
Recorded: Bk 634 pg 248  
Base Royalty:  
Description: Township 2 South, Range 1 East, U.S.M.  
Section 2: Lots 2, 5, 9, 10, SE/4SW/4NW/4,  
W/2SW/4NW/4, E/2NE/4SE/4NW/4,  
SE4SE4NW/4, W2SW/4, W2SE4, SE4SW4  
S2NE/4SW/4, NE/4NE/4SW/4, S/2NW/4NE/4SW/4

Gross Acres: 405.28  
Name and Percentage of working interest owners: Uinta Oil & Gas Inc  
Name and Percentage of Overriding Royalty Owners: none  
Pooling Provision: yes

## TRACT 3

Lessor: Allotment # 149 U&W # 14-20-H62-4709  
Lessee: Uinta Oil & Gas Inc.  
Date of Lease: April 24, 1996  
Recorded: Bk 634 pg 240  
Base Royalty: 20 %

Description: Township 2 South Range 1 East USM  
Section 2: Lot 1, SE4NE4 (E2NE4)

Gross Acres: 83.06  
Name and Percentage of working interest owners: Uinta Oil & Gas Inc. 100%  
Name and Percentage of Overriding Royalty Owners: none  
Pooling Provision: yes

## TRACT 4

Lessor: James Curtis and Debra Curtis  
Lessee: Uinta Oil & Gas Inc.  
Date of Lease: Sept. 7, 1996  
Recorded: bk 634 pg 222  
Base Royalty: 1/8  
Description: Township 2 South, Range 1 East USM  
Section 2: NE4SE4

Gross Acres: 40.00  
Name and Percentage of working interest owners: Uinta Oil & Gas Inc. 90%  
Name and Percentage of Overriding Royalty Owners: none  
Pooling Provision: yes

Lessor: Wiser Oil Co., RMA Inc., Western Petroleum,  
Ada Curtis, Mable C Burrus estate, Merele Curtis

Loader, Lois C. Mortensen et al  
Unleased

Lessee:

Date of Lease:

Recorded:

Base Royalty:

Description:

Township 2 South, Range 1 East USM  
Section 2: NE4SE4

Gross Acres:

40.00

Name and Percentage of working interest owners:

Uinta Oil & Gas Inc. 100%

Name and Percentage of Overriding Royalty Owners:

none

Pooling Provision:

### TRACT 5

Lessor:

Gwendolyn Mojado

Lessee:

Uinta Oil & Gas Inc.

Date of Lease:

May 1996

Recorded:

bk 634 pg 227

Base Royalty:

1/8

Description:

Township 2 South Range 1 East USM  
Section 2 SE4SE4

Gross Acres:

40.00

Name and Percentage of working interest owners:

Uinta Oil & Gas Inc. 100%

Name and Percentage of Overriding Royalty Owners:

none

Pooling Provision:

yes

Lessor:

Brenda Mojado

Lessee:

Uinta Oil & gas Inc.

Date of Lease:

May 1996

Recorded:

bk 634 pg 229

Base Royalty:

1/8

Description:

Same as above

Gross Acres

same as above

Name and Percentage of working interest owners:

same as above

Name and Percentage of Overriding Royalty Owners:

none

Pooling Provision:

yes

Lessor:

Reed et al

Lessee:

Uinta Oil & Gas Inc.

Date of Lease:

May 3, 1996

Recorded:

bk 634 pg 227

Base Royalty:

Description:

Township 2 South Range 1 East USM

Gross Acres: Section 2 SE4SE4  
40.00  
Name and Percentage of working interest owners: Uinta Oil & Gas Inc. 100%  
Name and Percentage of Overriding Royalty Owners: none  
Pooling Provision: yes

Lessor: Glen Murdock et ux, Ronald Murdock et ux, Stewart  
Murdock et ux, Benny Murdock et ux, Mary Ward et  
Collin Murdock estate  
Lessee: Unleased.

Date of Lease:  
Recorded:  
Royalty:  
Description:

Township 2 South Range 1 East USM  
Section 2 SE4SE4

Gross Acres: 40.00  
Name and Percentage of working interest owners: Uinta Oil & Gas Inc. 100%  
Name and Percentage of Overriding Royalty Owners: none  
Pooling Provision:

#### TRACT 6

Lessor: Ute Tribe & U.D.C #14-20-H62-4710.  
Lessee: Uinta Oil & Gas, Inc.  
Date of Lease: April 24, 1996  
Recorded: Bk 634 pg 231  
Base Royalty: 18%  
Description: Township 2 South, Range 1 East, U.S.M.  
Section 2: SW4SE4NW4, W2NE4SE4NW4,  
W2NW4NE4SW4  
Gross Acres: 20.00  
Percentage of working interest owners: Uinta Oil & Gas Inc 100%  
Name and Percentage of Overriding Royalty Owners: none  
Pooling Provision: yes

CONTRACT NO. UTU 76245

# COMMUNITIZATION AGREEMENT

THIS AGREEMENT, WITNESSETH, That:

WHEREAS, the parties hereto own working, royalty, patented or fee or leasehold interests, or operating rights under oil and gas leases, on lands subject to this agreement which can be best developed and operated in conformity with a well spacing program; and

WHEREAS, to conserve natural resources the parties hereto desire to communitize and pool their respective mineral interests for the purpose of developing and producing communitized substances in accordance with the Acts of May 11, 1938, 52 Stat. 347, as amended, 25 U.S.C. 396a *et seq.*, and March 3, 1909, 35 Stat. 783, as amended, 25 U.S.C. 396;

NOW, THEREFORE, the parties agree as follows:

### 1. Communized Area.

The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 2 South, Range 1 East, U.S.M.

Section 2: All

Containing 650.90 acres, m/l

Uintah County, Utah

This agreement shall involve only the following formations:

This agreement shall be in full satisfaction of the following formation: That interval below the stratigraphic equivalent of 9,600 feet depth in the "E" log of the Carter #2 Bluebell Well located in the SW<sup>1</sup>/<sub>4</sub> NW<sup>1</sup>/<sub>4</sub> Section 3, Township 1 South, Range 2 West, U.S.M. (which equivalence is the depth 9,530 feet of the sp curve, Dual Induction log, run March 15, 1968, in the Chevron #1 Blanchard Well located in the NW<sup>1</sup>/<sub>4</sub> SE<sup>1</sup>/<sub>4</sub> of said Section 3 to the base of the Green River-Wasatch formations.

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representative, with (1) monthly reports of production and such other information as may be deemed necessary to compute the unitized area within 15 days of the date required by applicable oil and gas laws, rules, regulations or orders of the State of Texas; and (2) such other information as may be required by applicable oil and gas laws, rules, regulations or orders of the State of Texas.

### 5. Commercialized Substance

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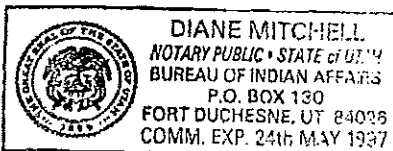
DATED AND APPROVED this 20th day of March, 1997, by the United States of America, acting through the Bureau of Indian Affairs, and delegated to the Superintendent by Phoenix Area Redlegation Order No. 3, Sec. 2-17 (34 Fed. Reg. 11109).

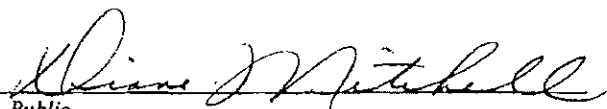
  
 \_\_\_\_\_  
 Superintendent  
 CAC

### ACKNOWLEDGEMENT OF SUPERINTENDENT

State of UTAH }  
 County of UINTAH } ss:

BEFORE ME, a Notary Public, in and for said County and State, on this 20th day of March, 1997, personally appeared DAVID L. ALISON, whose name is subscribed to the foregoing instrument as Superintendent, Uintah and Ouray Agency, Bureau of Indian Affairs, and who acknowledged that he now is and was at the time of signing the same, Superintendent of the Uintah and Ouray Agency, Bureau of Indian Affairs, and he personally acknowledged to me that he executed this said document in his official capacity and pursuant to authority delegated to him for the use and purpose set forth therein.



  
 \_\_\_\_\_  
 Notary Public

My Commission Expires: 5-24-97



Attached to and made a part of that certain Communitization Agreement Covering T2S, R1E, Section 2, U.S.M.

Uinta Oil & Gas Inc.

By Craig Phillips  
Craig Phillips

### ACKNOWLEDGMENT

State of Utah

ss:

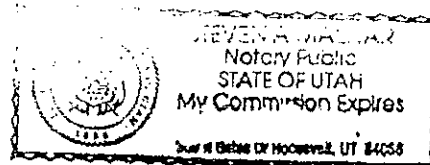
County of Uintah

On the 26<sup>th</sup> day of September, 1996, personally appeared before me, Craig Phillips who being by me duly sworn did say that he is the President of Uinta Oil & Gas Inc., lessee, and that this lease was signed in behalf of said corporation by authority of its bylaws or a resolution of its Board of Directors dated August 16, 1996 and acknowledged to me that said corporation executed the same.

Debra A. Mahan  
Notary Public

Residing at Doosett UT

My Commission Expires: Oct 16, 1999



Attached to and made a part of that certain Communitization Agreement Covering T2S, R1E,  
Section 12, U.S.M.

Ute Indian Tribe

By Ruby Atwine

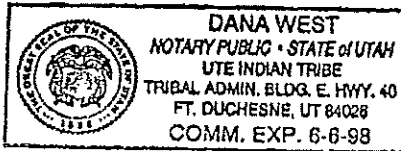
### ACKNOWLEDGMENT

State of Utah

ss:

County of Uintah

On the 10th day of ~~September~~ <sup>November</sup>, 1996<sup>7</sup>, personally appeared before me, who being by me duly sworn did say that she is the Chairman of The Tribal Business Committee of the Ute Indian Tribe of the Uintah and Ouray Reservation, Utah, and that this Communitization Agreement was signed in behalf of the Ute Tribe by authority of its constitution and bylaws and a resolution of the Tribal Business Committee dated Mar 28, 1996 (96-054) and acknowledged to me that the Ute Tribe executed the same.



Dana West  
Notary Public

Residing at Ft. Duchesne, Ut

My Commission Expires: 6/6/98

Attached to and made a part of that certain Communitization Agreement Covering T2S, R1E,  
Section 12, U.S.M..

Ute Distribution Corporation

By Lois LaRose  
Lois LaRose

**ACKNOWLEDGMENT**

State of Utah

ss:

County of Duchesne

On the \_\_\_\_\_ day of Seotember, 1996, personally appeared before me Lois LaRose,  
who being by me duly sworn did say that she is the President of Ute Distribution Corporation  
lessee, and that this lease was signed in behalf of said corporation by authority of its bylaws or a  
resolution of its Board of Directors dated \_\_\_\_\_, and acknowledged to me  
that said corporation executed the same.

\_\_\_\_\_  
Notary Public

Residing at \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

## **EXHIBIT B**

# OIL AND GAS LEASE

ENTRY 97000360  
BOOK 634 PAGE 229

AGREEMENT, Made and entered into the \_\_\_\_\_ day of May, 19 96, by and between

Brenda Mojado  
Whose post office address is P.O. Box 32 Paula Ca. 92059, hereinafter called Lessor (whether one or more) and  
Uinta Oil & Gas Inc. whose post office address is P.O. Box 1618 Roosevelt, UT, hereinafter called Lessee:

WITNESSETH, That the Lessor, for and in consideration of One & more DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter described, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, all the certain tract of land situated in the County of Uintah, State of UTAH, described as follows, to-wit:

Township 2S, R1E, U.S.M.  
Section 2: SE1/4SE1/4

and containing 40.00 acres, more or less.

1. It is agreed that this lease shall remain in force for a term of 20 years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.

3rd. To pay Lessor for gas produced from any well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre refined hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or utilize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or re-working operations on a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or re-working operations on a well shut in for want of a market anywhere on a unit which includes all or a part of this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties units on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by such laws, rules or regulations.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor," as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

Brenda Mojado  
Brenda Mojado

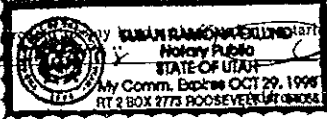
ENTRY 97000360  
BOOK 634 PAGE 229-230 \$12.00  
21-JAN-97 11:32  
RANDY SIMMONS  
RECORDER, UTAH COUNTY, UTAH  
UINTA OIL AND GAS INC  
P O BOX 1618 ROOSEVELT UT 84066  
REC BY SYLENE ACCUTORROO - DEPUTY

STATE OF CALIFORNIA } ss.  
COUNTY OF Monte

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 17th  
day of May, 1996 personally appeared Brenda Mojado ENTRY 97000360  
BOOK 634 PAGE 230

and \_\_\_\_\_, to me known to be the identical person \_\_\_\_\_, described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that she duly executed the same as her free  
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.  
My Commission Expires October  
 Susan Ramirez Notary Public.  
Roosevelt, UT 84064

STATE OF \_\_\_\_\_ } ss.  
COUNTY OF \_\_\_\_\_

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_  
day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_  
and \_\_\_\_\_

\_\_\_\_\_ to me known to be the identical person \_\_\_\_\_, described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that \_\_\_\_\_ duly executed the same as \_\_\_\_\_ free  
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.  
My Commission Expires \_\_\_\_\_ Notary Public.  
Address: \_\_\_\_\_

STATE OF \_\_\_\_\_ } ss.  
COUNTY OF \_\_\_\_\_

ACKNOWLEDGMENT (For use by Corporation)

On this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 19\_\_\_\_, before me personally  
appeared \_\_\_\_\_, to me personally known, who, being by  
me duly sworn, did say that he is the \_\_\_\_\_ of \_\_\_\_\_  
and that the seal affixed to said instrument is the corporate seal of  
said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said  
\_\_\_\_\_ acknowledged said instrument to be free act and deed of said corporation.

Witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 19\_\_\_\_.  
Notary Public.

(SEAL) Address: \_\_\_\_\_  
My Commission expires \_\_\_\_\_

No.	FROM	TO	Dated _____ 19____	No. Acres _____	County _____	Term _____	This instrument was filed for record on the _____ day of _____ 19____ at _____ o'clock _____ M., and duly recorded in Volume _____ Page _____ of the records of this office.	County Clerk _____	By _____ Deputy _____	When recorded return to _____
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## **EXHIBIT C**

# OIL AND GAS LEASE

ENTRY 97000359  
BOOK 634 PAGE 227

AGREEMENT, Made and entered into the \_\_\_\_\_ day of May, 19 96, by and between  
Gwendolyn Mojado

Whose post office address is P.O. Box 402 Paula, CA, 92059, hereinafter called Lessor (whether one or more) and  
Uinta Oil & Gas Inc. whose post office address is P.O. Box 1618 Roosevelt, UT, hereinafter called Lessee;

WITNESSETH, That the Lessor, for and in consideration of One & more DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Utah described as follows, to-wit:

Township 2S, R1E, U.S.M.  
Section 2: SE1/4SE1/4

- and containing 40.00 acres, more or less.
- It is agreed that this lease shall remain in force for a term of 20 years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate. If Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole, if oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.
  - This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.
  - In consideration of the premises the said Lessee covenants and agrees:
    - To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.
    - To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.
    - To pay Lessor for gas produced from any well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.
  - Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.
  - If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.
  - Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.
  - When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.
  - No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.
  - Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.
  - Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.
  - The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.
  - Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, in pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to include such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations on a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations on a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive in production from the unit so pooled royalties only in the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessee shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by, any governmental agency, by executing the same upon request of Lessee.
  - All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.
  - Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.
  - Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor," as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

Gwendolyn Mojado  
Gwendolyn Mojado

ENTRY 97000359  
BOOK 634 PAGE 227-228 \$12.00  
21-JAN-97 11432  
RANDY SIMMONS  
RECORDER, UTAH COUNTY, UTAH  
UINTA OIL AND GAS INC  
P O BOX 1618 ROOSEVELT UT 84066  
Rcd By SYLENE ACQUITTOOP, DEPUTY



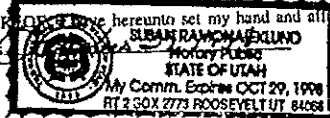
STATE OF California UTAH ss.  
COUNTY OF San Juan

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 17th  
day of May, 1996 personally appeared Gwendolyn Mojado  
and \_\_\_\_\_  
ENTRY 97008359  
BOOK 634 PAGE 228

\_\_\_\_\_ to me known to be the identical person \_\_\_\_\_, described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that she duly executed the same as his free  
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.  
My Commission Expires \_\_\_\_\_



Susan Ramon  
Notary Public.  
Address: 312 Box 2773 Roosevelt

STATE OF \_\_\_\_\_ ss.  
COUNTY OF \_\_\_\_\_

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_  
day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_  
and \_\_\_\_\_

\_\_\_\_\_ to me known to be the identical person \_\_\_\_\_, described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that \_\_\_\_\_ duly executed the same as \_\_\_\_\_ free  
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.  
My Commission Expires \_\_\_\_\_ Notary Public.

Address: \_\_\_\_\_

STATE OF \_\_\_\_\_ ss.  
COUNTY OF \_\_\_\_\_

# ACKNOWLEDGMENT (For use by Corporation)

On this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 19\_\_\_\_, before me personally  
appeared \_\_\_\_\_, to me personally known, who, being by  
me duly sworn, did say that he is the \_\_\_\_\_ of \_\_\_\_\_  
and that the seal affixed to said instrument is the corporate seal of  
said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said  
\_\_\_\_\_ acknowledged said instrument to be free act and deed of said corporation.

Witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 19\_\_\_\_.

Notary Public.

(SEAL)

My Commission expires \_\_\_\_\_

Address: \_\_\_\_\_

No. _____	FROM	TO	Dated _____ 19____	No. Acres _____	County _____	This instrument was filed for record on the _____ day of _____ 19____ at _____ o'clock _____ M., and duly recorded in Volume _____ Page _____ of the records of this office.	County Clerk _____	By _____ Deputy _____	When recorded return to _____
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## **EXHIBIT D**

PRODUCERS 88-PAID UP  
Rev. 5-60, No. 2 - 8pt.

ENTRY 97000356  
BOOK 634 PAGE 220

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 3rd day of May, 1996, by and between  
Shirley Reed, Benny Murdock, Glen Murdock and Joyce Murdock his wife, Gary Murdock and  
Margaret Murdock his wife, June Murdock heir of Collin Murdock  
Whose post office address is Karet Murdock, hereinafter called Lessor (whether one or more) and  
Uintah Oil & Gas, Inc. whose post office address is PO Box 1618 Roosevelt, UT, hereinafter called Lessee;

WITNESSETH, That the Lessor, for and in consideration of One and more DOLLARS  
cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, leased and let, and  
by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining,  
exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements  
for laying pipe lines, and erecting of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of  
Uintah

described as follows, to-wit:  
Township 2 South, Range 1 East, U.S.H.  
Section 2: SEKSK

ENTRY 97000356  
BOOK 634 PAGE 220-301 \$12.00  
21-JAN-97 11:32  
RANDY SIMMONS  
RECORDER, UTAH COUNTY, UTAH  
UINTA OIL AND GAS INC  
P O BOX 1618 ROOSEVELT UT 84066  
REC BY: SYLENE ACCUTTOROUP, DEPUTY

and containing 40.00 acres, more or less. One  
1. It is agreed that this lease shall remain in force for a term of ten years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced  
from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of  
this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations  
thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and  
operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and  
the beginning of operations for the drilling of a subsequent well. If, after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof  
should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety  
(90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations  
at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage  
pooled therewith.

2. This is a PAID-UP LEASE, to consideration of the down cash payment. Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein,  
to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all  
or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter  
accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees:  
1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all  
oil produced and saved from the leased premises.

2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same  
is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.  
3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth  
(1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net  
royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from  
the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made,  
it will be considered that gas is being produced within the meaning of this lease.

5. If said Lessee owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in  
gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.  
6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.  
7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.  
8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.  
9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.  
11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall  
be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary  
to establish a complete chain of record title from Lessor, and then only with respect to payments hereafter made. No other kind of notice, whether actual or constructive,  
shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations  
or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division, if all or any part of this lease is assigned,  
no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to  
all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered  
by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either. When in Lessee's  
judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise  
units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of  
any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit.  
Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production,  
drilling or reworking operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were  
production, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in  
gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated in this lease; such allocation shall  
be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface  
acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or  
more of the formations hereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by  
any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms,  
conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of  
development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling  
and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that  
said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production  
therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of  
computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any  
other tract of land, and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's  
consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request  
of Lessee.

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall  
not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the  
result of, any such Law, Order, Rule or Regulation.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem  
for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the  
rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and  
homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties hereinafter named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do  
execute it as Lessor. The word "Lessor," as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions  
of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.  
16. Wherever the term one-eighth (1/8) appears in this lease, it shall by this reference  
be amended to read one-sixth (1/6).

Shirley Reed  
Benny Murdock  
Glen Murdock  
Joyce Murdock  
Gary Murdock  
Margaret Murdock  
June Murdock

STATE OF UTAH  
COUNTY OF DEACHROSE ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 16th day of July, 1996, personally appeared Shirley Reed and Dan Mordock, Kenneth Mordock

and \_\_\_\_\_ to me known to be the identical person \_\_\_\_\_, described in and who executed the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires OCT 16 1997

Address: \_\_\_\_\_



STEVEN A. MADSEN, Notary Public,  
STATE OF UTAH  
My Commission Expires  
OCT 16 1997

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_ and \_\_\_\_\_ to me known to be the identical person \_\_\_\_\_, described in and who executed the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires \_\_\_\_\_

Notary Public.

Address: \_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ ss.

ACKNOWLEDGMENT (For use by Corporation)

On this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 19\_\_\_\_, before me personally appeared \_\_\_\_\_ to me personally known, who, being by me duly sworn, did say that he is the \_\_\_\_\_ of \_\_\_\_\_

and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said \_\_\_\_\_ acknowledged said instrument to be free act and deed of said corporation.

Witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 19\_\_\_\_.

Notary Public.

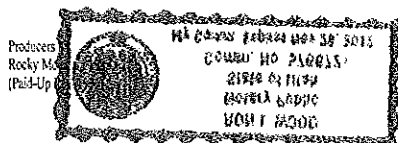
Address: \_\_\_\_\_

(SEAL)

My Commission expires \_\_\_\_\_

No. _____	FROM	TO	Dated _____ 19____	No. _____	County _____	Term _____	This instrument was filed for record on _____ day of _____ 19____, at _____ o'clock _____ M., and duly recorded in Volume _____ Page _____ of the records of this office.	County Clerk _____	Deputy _____	When recorded return to _____
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## **EXHIBIT E**



## Paid-Up Oil and Gas Lease

THIS AGREEMENT, made and entered into this 28<sup>th</sup> day of July, 2009, by and between Joyce Murdock, a widow of HC 67 Box 100, Ft. Duchesne, Utah 84026\*; Mac E. Murdock and Julie Y. Murdock, a married couple of HC 67 Box 105, Ft. Duchesne, Utah 84026; Robbin Murdock and Rosemary Murray Murdock, a married couple of P.O. Box 732, Ft. Duchesne, Utah 84026; Sandria Whitmer and Lawrence Randall Whitmer, a married couple of Rt. 3 Box 3383, Myton, Utah 84052;

hereinafter called lessor (whether one or more), and Mineral Rights Leasing LLC, a Utah limited liability company whose address is 140 West 2100 South Suite #134, Salt Lake City, Utah 84115

Hereinafter called lessee:

WITNESSETH:

1. That lessor, for and in consideration of TEN AND MORE dollars (\$ 10,000+ ) in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby grants, declines, leases and lets exclusively unto lessee the lands described below for the purpose of investigating, prospecting, exploring (by geophysical and other methods), drilling, mining, operating for and producing oil or gas, or both (as defined below), together with the right to construct and maintain pipelines, telephone and electric lines, tanks, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas (which right shall include specifically a right-of-way and easement for ingress to and egress from said lands by lessee, or its assigns, agents or permittees, necessary to or associated with the construction and maintenance of such pipelines, telephone and electric lines, tanks ponds, roadways, plants, equipment, and structures on said lands to produce, save and take care of the oil and gas), and the exclusive right to reject air, gas, water, brine and other fluids from any source into the subsurface strata, and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land alone or conjointly with neighboring land, for the production, saving and taking care of oil and gas and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in the County of Uintah, State of Utah to wit:

Township 2 South, Range 1 East, U.S.M.

Section 2: E/2 E/2 SE/4 SE/4, W/2 E/2 SE/4 SE/4, W/2 SE/4 SE/4

And containing 40.00 acres, more or less.

In addition to the land described above, lessor hereby grants, leases and lets exclusively unto lessee, to the same extent as if specifically described, lands which are owned or claimed by lessor by one of the following reasons: (1) all lands and rights acquired or retained by lessor by avulsion, accretion, reliction or otherwise as the result of a change in the boundaries or centerline of any river or stream traversing or adjoining the lands described above; (2) all riparian lands and rights which are or may be incident, appurtenant, related or attributed to lessor in any lake, stream or river traversing or adjoining the lands described above by virtue of lessor's ownership of the land described above; (3) all lands included in any road, easement or right-of-way traversing or adjoining the lands described above which are or may be incident, appurtenant, related or attributed to lessor by virtue of lessor's ownership of the land described above; and (4) all strips or tracts of land adjacent or contiguous to the lands described above owned or acquired by lessor through adverse possession or other similar statutes of the state in which the lands are located.

The term oil as used in this lease shall be interpreted to include any liquid hydrocarbon substances which occur naturally in the earth, including drip gasoline or other natural condensate recovered from gas without resort to manufacturing process. The term gas as used in this lease shall be interpreted to include any substance, either combustible or noncombustible, which is produced in a natural state from the earth and which maintains a gaseous or refined state at ordinary temperature and pressure conditions, including but not limited to helium, nitrogen, carbon dioxide, hydrogen sulphide, coal bed methane gas, casinghead gas and sulphur.

Subject to the other provisions herein contained, this lease shall remain in force for a term of five (5) years years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced from the leased premises or drilling operations are continuously prosecuted. For purposes of this lease, a well completed for the production of coalbed methane gas shall be deemed to be producing gas under this lease at all times when desilting of the coal seams from which the coalbed methane gas will be produced is occurring. For purposes of this lease, "drilling operations" shall include operations for the drilling of a new well and operations for the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to establish, resume or re-establish production of oil and gas; drilling operations shall be considered to be "continuously prosecuted" if not more than one hundred twenty (120) days shall elapse between the completion and abandonment of one well or hole and the commencement or drilling operations on another well or hole; drilling operations shall be deemed to be commenced for a new well at such time as lessee has begun the construction of the wellsite location or the road which provides access to the wellsite location; and drilling operations shall be deemed to be commenced with respect to reworking, deepening, plugging back or other operations conducted in an effort to resume or re-establish production of oil and gas at such time as lessee has the requisite equipment for such operations at the wellsite.

2. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the equal one-sixth (1/6) part of all oil produced and saved from the leased premises, or lessee may from time to time at its option purchase any royalty oil in its possession, paying the market price thereof prevailing for oil of like grade and gravity in the field where produced on the date of purchase.

The lessee shall pay lessor, as royalty, on gas, including casinghead gas or other gaseous substances, produced from the leased premises and sold or used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-sixth (1/6) of the gas sold or used, provided that on gas sold the royalty shall be one-sixth (1/6) of the amount realized from such sale. The amount realized from the sale of gas shall be the price established by the gas sales contract entered into in good faith by lessee and a gas purchaser for such term and under such conditions as are customary in the industry. Price shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed. Any transportation charges to the royalties herein will be at a rate that is similar to other transportation fees for production in the area.

3. This a paid-up lease and all cash consideration first recited above and annual rentals have been paid to lessor in advance to keep this lease in full force and effect throughout the primary term. In consideration of the payment of such cash consideration and advance annual rentals, lessor agrees that lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of the land described above, and as to any strata or stratum, by delivering to lessor or by filing of record a release or releases, and be relieved of all obligations thereafter accruing to the acreage surrendered.

4. Any payments required to be made to lessor pursuant to this lease, other than the payment of royalties, may be paid by lessee to the lessor or to lessor's credit in the Bank, at (Direct to Lessor) (or its successor or successors, or any bank with which it may be merged or consolidated, or which succeeds to its business assets or any part thereof, by purchase or otherwise) which shall continue as the depository regardless of changes in the ownership of said land or the oil and gas. All such payments may be made by cash, check or draft, mailed or delivered on or before the due date for that payment. Any payments so made shall be binding on the heirs, devisees, executors, administrators, and personal representatives of lessor and on lessor's successors in interest or on lessor's assigns.

5. If, at the expiration of the primary term of this lease, oil or gas is not being produced from the leased premises but lessee is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted; and if production of oil or gas results from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced from the leased premises. If, after the expiration of the primary term of this lease, production on the leased premises should cease for any cause, this lease shall not terminate if lessee is then engaged in drilling operations, or within one hundred twenty days (120) after each such cessation of production commences or resumes drilling operations, and this lease shall remain in force so long as drilling operations are continuously prosecuted, and if production results therefrom, then as long thereafter as oil or gas is produced from the leased premises.

6. If at any time, either before or after the expiration of the primary term of this lease, there is a well capable of producing oil or gas on lands covered by this lease, or on other lands with which lands covered by this lease are pooled or unitized, but the well is shut-in, whether before or after production therefrom and this lease is not being maintained otherwise as provided herein, this lease shall not terminate (unless released by lessee) and it shall nevertheless be considered that oil or gas is being produced from lands covered by this lease during all times while the well is so shut-in. Lessee shall use reasonable diligence to market the oil or gas capable of being produced from such shut-in well, but shall be under no obligation to market the oil or gas under terms, conditions or circumstances which, in lessee's judgement exercised in good faith, are unsatisfactory. When the lease is continued in force in this manner, lessee shall pay or tender to the lessor or lessor's successors or assigns, an amount equal to \$1.00 per year per net mineral acre covered by the lease. Such payments shall be made on or before the shut-in royalty payment date, as defined below, next occurring after the expiration of one hundred twenty (120) days from the date the well was shut-in, unless prior to such date oil or gas from the well is sold or used or the lease is otherwise maintained as provided herein. In like manner, on or before each succeeding shut-in royalty payment date while such well remains shut-in, lessee shall make payment of shut-in royalty in the same amount and manner. The term "shut-in royalty payment date" shall mean the anniversary date of this lease. Any shut-in royalty payment may be made by cash, draft or check, mailed or tendered on or before the shut-in royalty date. Lessee's failure to pay or tender, or properly pay or tender, any such sum shall render lessee liable for the amount due but it shall not operate to terminate the lease.

7. If lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties, including shut-in royalty, herein provided shall be paid to lessor only in the proportion which lessor's interest bears to the whole and undivided fee. Any interest in production from the lands described herein to which the interest of lessor may be subject shall be deducted from the royalty herein reserved.

8. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells and reservoirs of lessor. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to drain and remove casing.

9. Lessee shall pay to lessor reasonable amounts for damages caused by its operations to growing crops on said land. When requested by lessor, lessee shall bury its pipelines which traverse cultivated lands below plow depth. No well shall be drilled deeper than two hundred (200) feet to a house or barn now on said premises, without written consent of lessor. Lessee shall have the right at any time (but not the obligation) to remove all improvements, machinery, and fixtures placed or erected by lessee on said premises, including the right to pull and remove casing.

10. Lessee is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described above and as to any one or more of the formations hereunder, to pool or combine the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas may be reformed to exclude such non-producing formations. The forming or reformatting of any unit shall be accomplished by Lessee executing an filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has heretofore been completed or upon which drilling operations have been commenced, production, drilling or reworking operations or a well shut-in under this lease. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit.

11. Lessee shall have the right to unitize, pool, or combine all or any part of the land described above as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with file approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions, and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease not terminate or expire during the life of such plan or agreement. In the event that the land described above or any part thereof shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land, and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated.

12. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the assignees, successors and assigns of the parties; and in the event of an assignment or subletting by lessor, lessor shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter existing upon any of the covenants or conditions of this lease, either express or implied. No change in Ownership of the land, royalties, or other payments, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessor or require separate measuring or installation of separate tanks by lessor. Notwithstanding any actual or constructive knowledge of or notice to lessor, no change in ownership of said land or of the right to receive royalties or other payments hereunder, or of any interest therein, whether by reason of death, conveyance or any other matter, shall be binding on lessor (except at lessor's option in any particular case) until one hundred twenty (120) days after lessor has been furnished a written notice thereof, and the supporting information hereinafter referred to, by the party claiming as a result of such change in ownership or interest. Such notice shall be supported by original and certified copies of all documents and other instruments or proceedings necessary in lessor's opinion to establish the ownership of the claiming party.

13. In the interest of conservation, the protection of reservoir pressures and recovery of the greatest ultimate yield of oil and/or gas, lessor shall have the right to combine the leased premises with other premises in the same general area for the purpose of operating and maintaining repressuring and recycling facilities, and for such purpose may locate such facilities, including input wells, upon leased premises, and no royalties shall be payable hereunder upon any gas used for repressuring and recycling operations benefiting the leased premises.

14. If lessor, during the primary term of this lease, receives a bona fide offer from a third party to purchase from lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with such lease to become effective upon expiration of this lease, which lessor is willing to accept from the offering party, lessor hereby agrees to notify lessor in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessor, for a period of fifteen (15) days after the receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein covered by the offer at the price and on the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this paragraph 14. Should lessor elect to purchase the lease pursuant to the terms hereof, it shall so notify lessor in writing by mail, telex, or telegram prior to expiration of said fifteen (15) day period. Lessor shall promptly thereafter furnish to lessor the new lease for execution by lessor along with lessor's sight draft payable to lessor in payment of the specified amount as consideration for the new lease, such draft being subject to approval of title according to the terms thereof. Upon receipt thereof, lessor shall promptly execute said lease and return same along with the draft through lessor's bank of record for payment.

15. In the event lessor considers that lessor has not complied with all its obligations hereunder, either express or implied, lessor shall notify lessor in writing, setting out specifically in what respects lessor has breached this lease. Lessor shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessor. Neither the service of said notice nor the doing of any acts by lessor aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessor has failed to perform all its obligations hereunder. This lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its implied covenants, conditions, or stipulations until a judicial determination is made that such failure exists and lessor fails within a reasonable time to satisfy any such covenants, conditions, or stipulations.

16. All express and implied covenants of this lease shall be subject to all federal and state, county or municipal laws, executive orders, rules and regulations, and lessor's obligations and covenants hereunder, whether express or implied, shall be suspended at the time or from time to time as compliance with such obligations and covenants is prevented or hindered by or is in conflict with federal, state, county, or municipal laws, rules, regulations or executive orders asserted as official by or under public authority claiming jurisdiction, or Act of God, adverse field, weather, or market conditions, inability to obtain materials in the open market or transportation thereof, wars, strikes, lockouts, riots, or other conditions or circumstances not wholly controlled by lessor, and this lease shall not be terminated in whole or in part, nor lessor held liable in damages for failure to comply with any such obligations or covenants if compliance therewith is prevented or hindered by or is in conflict with any of the foregoing eventualities. The time during which lessor shall be prevented from conducting drilling or reworking operations during the primary term of this lease, under the contingencies above stated, shall be added to the primary term of the lease.

17. Lessor hereby warrants and agrees to defend the title to the lands described above, and agrees that the lessee, at its option, shall have the right at any time to pay for lessor, any mortgage, taxes or other liens existing, levied or assessed on or against the above described lands in the event of default of payment by lessor and be subrogated to the rights of the holder thereof, and lessor hereby agrees that any such payments made by lessor for the lessor may be deducted from any amounts of money which may become due the lessor under the terms of this lease.

18. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors in interest, in whole or in part, of said lessor or lessee.

19. With respect to and for the purpose of this lease, lessor, and each of them if there be more than one, hereby release and waive the right of homestead.

WHEREOF witness our hands as of the day and year first above written

Joyce Murdock  
Joyce Murdock

Mac E. Murdock  
Mac E. Murdock

Robbin Murdock  
Robbin Murdock

Lawrence R. Whitmer  
Lawrence Randall Whitmer

Julie Y. Murdock  
Julie Y. Murdock

Rosemary Murray Murdock  
Rosemary Murray Murdock

Sandra Whitmer  
Sandra Whitmer

ACKNOWLEDGMENT

STATE OF Utah X  
COUNTY OF Duchesne X

BEFORE ME, the undersigned, a Notary Public, in and for said County and State,  
on this 7th day of August, 2009, personally appeared Joyce Murdock to me known to be the identical person's, described in and who executed the within and foregoing instrument of writing and acknowledged to me that he freely executed the same as his free and voluntary act and deed, including the release and waiver of the right of homestead, and in the capacity stated therein.  
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

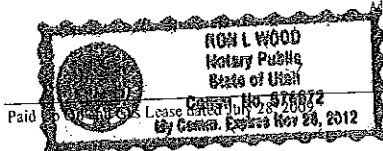
My Commission Expires:

NOV. 28, 2012.

Notary Public

Address

Ron L. Wood  
823 E 200 N, Rosalind, UT 84066



## **EXHIBIT F**



## Paid-Up Oil and Gas Lease

THIS AGREEMENT, made and entered into this 21<sup>st</sup> day of August, 2009, by and between Benny Murdock and Lola Murdock, a(n) married couple

of 1069 Woodstock Road, King George, VA 22485-6001, hereinafter called lessor (whether one or more), and Mineral Rights Leasing LLC, a Utah limited liability company whose address is 140 West 2100 South Suite #134, Salt Lake City, Utah 84115 Hereinafter called lessee:  
WITNESSETH:

1. That lessee, for and in consideration of TEN AND MORE dollars (\$ 10.00+ ) in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby grants, demises, leases and lets exclusively unto lessee the lands described below for the purpose of investigating, prospecting, exploring (by geophysical and other methods), drilling, mining, operating for and producing oil or gas, or both (as defined below), together with the right to construct and maintain pipelines, telephone and electric lines, tanks, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas (which right shall include specifically a right-of-way and easement for ingress to and egress from said lands by lessee, or its assignees, agents or permittees, necessary to or associated with the construction and maintenance of such pipelines, telephones and electric lines, tanks, ponds, roadways, plants, equipment, and structures on said lands to produce, save and take care of the oil and gas), and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata, and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land alone or conjointly with neighboring land, for the production, saving and taking care of oil and gas and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in the County of Uintah, State of Utah to wit:

Township 2 South, Range 1 East, U.S.M.  
Section 2: SE/4 SE/4

And containing 40.00 acres, more or less.

In addition to the land described above, lessor hereby grants, leases and lets exclusively unto lessee, to the same extent as if specifically described, lands which are owned or claimed by lessor by one of the following reasons: (1) all lands and rights acquired or retained by lessor by avulsion, accretion, reliction or otherwise as the result of a change in the boundaries or centerline of any river or stream traversing or adjoining the lands described above; (2) all riparian lands and rights which are or may be incident, appurtenant, related or attributed to lessor in any lake, stream or river traversing or adjoining the lands described above by virtue of lessor's ownership of the land described above; (3) all lands included in any road, easement or right-of-way traversing or adjoining the lands described above which are or may be incident, appurtenant, related or attributed to lessor by virtue of lessor's ownership of the land described above; and (4) all strips or tracts of land adjacent or contiguous to the lands described above owned or acquired by lessor through adverse possession or other similar statutes of the state in which the lands are located.

The term oil as used in this lease shall be interpreted to include any liquid hydrocarbon substances which occur naturally in the earth, including drip gasoline or other natural condensate recovered from gas without resort to manufacturing process. The term gas as used in this lease shall be interpreted to include any substance, either combustible or noncombustible, which is produced in a natural state from the earth and which maintains a gaseous or refined state at ordinary temperature and pressure conditions, including but not limited to helium, nitrogen, carbon dioxide, hydrogen sulphide, coal bed methane gas, casinghead gas and sulphur.

Subject to the other provisions herein contained, this lease shall remain in force for a term of five (5) years years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced from the leased premises or drilling operations are continuously prosecuted. For purposes of this lease, a well completed for the production of coalbed methane gas shall be deemed to be producing gas under this lease at all times when downcoring of the coal seams from which the coalbed methane gas will be produced is occurring. For purposes of this lease, "drilling operations" shall include operations for the drilling of a new well and operations for the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to establish, resume or re-establish production of oil and gas; drilling operations shall be considered to be "continuously prosecuted" if not more than one hundred twenty (120) days shall elapse between the completion and abandonment of one well or hole and the commencement or drilling operations on another well or hole; drilling operations shall be deemed to be commenced for a new well at such time as lessee has begun the construction of the wellbore location or the road which provides access to the wellbore location; and drilling operations shall be deemed to be commenced with respect to reworking, deepening, plugging back or other operations conducted in an effort to resume or re-establish production of oil and gas at such time as lessee has the requisite equipment for such operations at the wellbore.

2. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the equal one-sixth (1/6) part of all oil produced and saved from the leased premises, or lessee may from time to time at its option purchase any royalty oil in its possession, paying the market price thereof prevailing for oil of like grade and gravity in the field where produced on the date of purchase.

The lessee shall pay lessor, as royalty, on gas, including casinghead gas or other gaseous substances, produced from the leased premises and sold or used off the premises or used in the manufacture of gasoline or other products, the market value of the well of one-sixth (1/6) of the gas sold or used, provided that on gas sold the royalty shall be one-sixth (1/6) of the amount realized from such sale. The amount realized from the sale of gas shall be the price established by the gas sales contract entered into in good faith by lessee and a gas purchaser for such term and under such conditions as are customary in the industry. Price shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed. Any transportation charges to the royalties herein will be at a rate that is similar to other transportation fees for production in the area.

3. This a paid-up lease and all cash consideration first recited above and annual rentals have been paid to lessor in advance to keep this lease in full force and effect throughout the primary term. In consideration of the payment of such cash consideration and advance annual rentals, lessor agrees that lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of the land described above, and as to any strata or stratum, by delivering to lessor or by filing of record a release or releases, and be relieved of all obligations thereafter accruing to the acreage surrendered.

4. Any payments required to be made to lessors pursuant to this lease, other than the payment of royalties, may be paid by lessee to the lessor or to lessor's credit in the Bank, at (Direct to Lessor) (or its successor or successors, or any back with which it may be merged or consolidated, or which succeeds to its business assets or any part thereof, by purchase or otherwise) which shall continue as the depository regardless of changes in the ownership of said land or the oil and gas. All such payments may be made by cash, check or draft, mailed or delivered on or before the due date for that payment. Any payments so made shall be binding on the heirs, devisees, executors, administrators, and personal representatives of lessor and on lessor's successors in interest or on lessor's assigns.

5. If, at the expiration of the primary term of this lease, oil or gas is not being produced from the leased premises but lessee is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted; and if production of oil or gas results from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced from the leased premises. If, after the expiration of the primary term of this lease, production on the leased premises should cease for any cause, this lease shall not terminate if lessee is then engaged in drilling operations, or within one hundred twenty days (120) after each cessation of production commences or resumes drilling operations, and this lease shall remain in force so long as drilling operations are continuously prosecuted, and if production results therefrom, then as long thereafter as oil or gas is produced from the leased premises.

6. If at any time, either before or after the expiration of the primary term of this lease, there is a well capable of producing oil or gas on lands covered by this lease, or on other lands with which lands covered by this lease are pooled or unitized, but the well is shut-in, whether before or after production therefrom and this lease is not being maintained otherwise as provided herein, this lease shall not terminate (unless released by lessee) and it shall nevertheless be considered that oil or gas is being produced from lands covered by this lease during all times while the well is so shut-in. Lessee shall use reasonable diligence to mark the oil or gas capable of being produced from such shut-in well, but shall be under no obligation to market the oil or gas under terms, conditions or circumstances which, in lessee's judgment exercised in good faith, are unsatisfactory. When the lease is continued in force in this manner, lessee shall pay or tender to the lessor or lessor's successors or assigns, an amount equal to \$1.00 per year per net mineral acre covered by the lease. Such payments shall be made on or before the shut-in royalty payment date, as defined below, next occurring after the expiration of one hundred twenty (120) days from the date the well was shut-in, unless prior to such date oil or gas from the well is sold or used or the lease is otherwise maintained as provided herein. In like manner, on or before each succeeding shut-in royalty payment date while such well remains shut-in, lessee shall make payment of shut-in royalty in the same amount and manner. The term "shut-in royalty payment date" shall mean the anniversary date of this lease. Any shut-in royalty payment may be made by cash, draft or check, mailed or tendered on or before the shut-in royalty date. Lessee's failure to pay or tender, or properly pay or tender, any such sum shall render lessee liable for the amount due but it shall not operate to terminate the lease.

7. If lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties, including shut-in royalty, herein provided shall be paid to lessor only in the proportion which lessor's interest bears to the whole and undivided fee. Any interest in production from the lands described herein to which the interest of lessor may be subject shall be deducted from the royalty herein reserved.

8. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells and reservoirs of lessor. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

9. Lessee shall pay to lessor reasonable amounts for damages caused by its operations to growing crops on said land. When requested by lessor, lessee shall bury its pipelines which traverse cultivated lands below plow depth. No well shall be drilled nearer than two hundred (200) feet to a house or barn now on said premises, without written consent of lessor. Lessee shall have the right at any time (but not the obligation), to remove all improvements, machinery, and fixtures placed or erected by lessee on said premises, including the right to pull and remove casing.

10. Lessee is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described above and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas may be reformed to include such non-producing formations. The forming or re-forming of any unit shall be accomplished by lessee executing an filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has heretofore been completed or upon which drilling operations have been commenced.

Production, drilling or reworking operations on a well shut-in under this lease. In lieu of the royalties otherwise herein specified, lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit.

11. Lessee shall have the right to utilize, pool, or combine all or any part of the land described above as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions, and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease not terminate or expire during the life of such plan or agreement. In the event that the land described above or any part thereof shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated.

12. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the assignees, successors and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in Ownership of the land, royalties, or other payments, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in ownership of said land or of the right to receive royalties or other payments hereunder, or of any interest therein, whether by reason of death, conveyance or any other manner, shall be binding on lessee (except at lessee's option in any particular case) until one hundred twenty (120) days after lessee has been furnished written notice thereof, and the supporting information hereinafter referred to, by the party claiming as a result of such change in ownership or interest. Such notice shall be supported by original and certified copies of all documents and other instruments or proceedings necessary in lessee's opinion to establish the ownership of the claiming party.

13. In the interest of conservation, the protection of reservoir pressures and recovery of the greatest ultimate yield of oil and/or gas, lessee shall have the right to combine the leased premises with other premises in the same general area for the purpose of operating and maintaining repressuring and recycling facilities, and for such purpose may locate such facilities, including input wells, upon leased premises, and no royalties shall be payable hereunder upon any gas used for repressuring and recycling operations benefiting the leased premises.

14. If lessor, during the primary term of this lease, receives a bona fide offer from a third party to purchase from lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with such lease to become effective upon expiration of this lease, which lessor is willing to accept from the offering party, lessor hereby agrees to notify lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after the receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein covered by the offer at the price and on the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this paragraph 14. Should lessee elect to purchase the lease pursuant to the terms hereof, it shall so notify lessor in writing by mail, telex, or telegram prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to lessor the new lease for execution by lessor along with lessee's sight draft payable to lessor in payment of the specified amount as consideration for the new lease, such draft being subject to approval of title according to the terms thereof. Upon receipt thereof, lessor shall promptly execute said lease and return same along with the draft through lessor's bank of record for payment.

15. In the event lessor considers that lessee has not complied with all its obligations hereunder, either express or implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this lease. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. This lease shall never be forfeited or canceled for failure to perform in whole or in part any of its implied covenants, conditions, or stipulations until a judicial determination is made that such failure exists and lessee fails within a reasonable time to satisfy any such covenants, conditions, or stipulations.

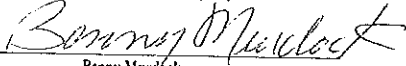
16. All express and implied covenants of this lease shall be subject to all federal and state, county or municipal laws, executive orders, rules and regulations, and lessee's obligations and covenants hereunder, whether express or implied, shall be respected at the time or from time to time as compliance with such obligations and covenants is prevented or hindered by or is in conflict with federal, state, county, or municipal laws, rules, regulations or executive orders asserted as official by or under public authority claiming jurisdiction, or Act of God, adverse field, weather, or market conditions, inability to obtain materials in the open market or transportation thereof, wars, strikes, lockouts, riots, or other conditions or circumstances not wholly controlled by lessee, and this lease shall not be terminated in whole or in part, nor lessee held liable in damages for failure to comply with any such obligations or covenants if compliance therewith is prevented or hindered by or is in conflict with any of the foregoing eventualities. The time during which lessee shall be prevented from conducting drilling or reworking operations during the primary term of this lease, under the contingencies above stated, shall be added to the primary term of the lease.


17. Lessor hereby warrants and agrees to defend the title to the lands described above, and agrees that the lessee, at its option, shall have the right at any time to pay for lessor, any mortgage, taxes or other liens existing, levied or assessed on or against the above described lands in the event of default of payment by lessor and be subrogated to the rights of the holder thereof, and lessor hereby agrees that any such payments made by lessor for the lessor may be deducted from any amounts of money which may become due the lessor under the terms of this lease.

18. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors in interest, in whole or in part, of said lessor or lessee.

19. With respect to and for the purpose of this lease, lessor, and each of them if there be more than one, hereby release and waive the right of homestead.

WHEREOF witness our hands as of the day and year first above written.

  
Benny Murdock

  
Lola Murdock

#### ACKNOWLEDGMENT - INDIVIDUAL

STATE OF Virginia X  
COUNTY OF King George X

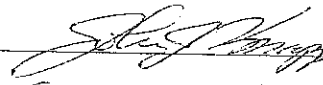
BEFORE ME, the undersigned, a Notary Public, in and for said County and State,  
on this 14 day of September, 2009, personally appeared Benny and Lola Murdock, to me known to be the identical person's, described in and who executed the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free and voluntary act and deed, including the release and waiver of the right of homestead, and in the capacity stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires: 2/28/11

Notary Public:

Address:

  
15375 Dithgen Rd.  
King George, VA 22485



## **EXHIBIT G**

## Paid-Up Oil and Gas Lease

THIS AGREEMENT, made and entered into this 9th day of August, 2009, by and between Ronald Murdock, a(n) Individual

of 1587 E. 3970 S., Salt Lake City, UT 84124, hereinafter called lessor (whether one or more), and Mineral Rights Leasing LLC, a Utah limited liability company whose address is 140 West 2100 South Suite #134, Salt Lake City, Utah 84115 Hereinafter called lessee.

WITNESSETH:  
1. That lessor, for and in consideration of TEN AND MORE dollars (\$ 10,000+ ) in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby grants, demises, leases and lets exclusively unto lessee the lands described below for the purpose of investigating, prospecting, exploring (by geophysical and other methods), drilling, mining, operating for and producing oil or gas, or both (as defined below), together with the right to construct and maintain pipelines, telephone and electric lines, tanks, ponds, roads, etc., plants, equipment, and structures thereon to produce, save and take care of said oil and gas (which right shall include specifically a right-of-way and easement for ingress to and egress from said lands by lessee, or its assignees, agents or permittees, necessary to or associated with the construction and maintenance of such pipelines, telephone and electric lines, tanks, ponds, roads, etc., plants, equipment, and structures on said lands to produce, save and take care of the oil and gas), and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata, and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land alone or conjointly with neighboring land, for the production, saving and taking care of oil and gas and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in the County of Uintah, State of Utah, to wit:

Township 2 South, Range 1 East, U.S.M.  
Section 2: E2E2ESE, W2E2ESE, W2ESE.

And containing 40.00 acres, more or less.

In addition to the land described above, lessor hereby grants, leases and lets exclusively unto lessee, to the same extent as if specifically described, lands which are owned or claimed by lessor by one of the following reasons: (1) all lands and rights acquired or retained by lessor by avulsion, accretion, reliction or otherwise as the result of a change in the boundaries or centerline of any river or stream traversing or adjoining the lands described above; (2) all riparian lands and rights which are or may be incident, appurtenant, related or appurtenant to lessor in any lake, stream or river traversing or adjoining the lands described above by virtue of lessor's ownership of the land described above; (3) all lands included in any road, easement or right-of-way traversing or adjoining the lands described above which are or may be incident, appurtenant, related or appurtenant to lessor by virtue of lessor's ownership of the land described above; and (4) all strips or tracts of land adjacent or contiguous to the lands described above owned or acquired by lessor through adverse possession or other similar means of the state in which the lands are located.

The term oil as used in this lease shall be interpreted to include any liquid hydrocarbon substances which occur naturally in the earth, including drip gasoline or other external condensate recovered from gas without resort to manufacturing process. The term gas as used in this lease shall be interpreted to include any substance, either combustible or noncombustible, which is produced in a natural state from the earth and which maintains a gaseous or critical state at ordinary temperature and pressure conditions, including but not limited to helium, nitrogen, carbon dioxide, hydrogen sulfide, coal bed methane gas, casinghead gas and sulphur.

Subject to the other provisions herein contained, this lease shall remain in force for a term of five (5) years years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced from the leased premises or drilling operations are continuously prosecuted. For purposes of this lease, a well completed for the production of coalbed methane gas shall be deemed to be producing gas under this lease at all times when drawdown of the coal seam from which the coalbed methane gas will be produced is occurring. For purposes of this lease, "drilling operations" shall include operations for the drilling of a new well and operations for the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to establish, resume or re-establish production of oil and gas; drilling operations shall be considered to be "continuously prosecuted" if not more than one hundred twenty (120) days shall elapse between the completion and abandonment of one well or hole and the commencement or drilling operations on another well or hole; drilling operations shall be deemed to be commenced for a new well at such time as lessee has begun the construction of the wellsite location or the road which provides access to the wellsite location; and drilling operations shall be deemed to be commenced with respect to reworking, deepening, plugging back or other operations conducted in an effort to resume or re-establish production of oil and gas at such time as lessee has the requisite equipment for such operations at the wellsite.

2. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the equal one-sixth (1/6) part of 24 oil produced and saved from the leased premises, or lessee may from time to time at its option purchase any royalty oil in its possession, paying the market price thereof prevailing for oil of like grade and gravity in the field where produced on the date of purchase.

The lessee shall pay lessor, as royalty, on gas, including casinghead gas or other gaseous substances, produced from the leased premises and sold or used off the premises or used in the manufacture of gasoline or other products, the market value at the well one-sixth (1/6) of the gas sold or used, provided that on gas sold the royalty shall be one-sixth (1/6) of the amount realized from such sale. The amount realized from the sale of gas shall be the price established by the gas sales contract entered into in good faith by lessee and a gas purchaser for such term and under such conditions as are customary in the industry. Price shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lease compressors, tanks, purifiers or dehydrators such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed. Any transportation charges to the royalties herein will be at a rate that is similar to other transportation fees for production in the area.

3. This is a paid-up lease and all cash consideration first recited above and annual rentals have been paid to lessor in advance to keep this lease in full force and effect throughout the primary term. In consideration of the payment of such cash consideration and advance annual rentals, lessor agrees that lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of the land described above, and as to any strata or stratum, by delivering to lessor or by filing of record a release or release, and be released of all obligations thereafter according to the acreage surrendered.

4. Any payments required to be made to lessor pursuant to this lease, other than the payment of royalties, may be paid by lessee to the lessor or to lessor's credit in the Bank, at (Direct to Lessor) (or its successor or successors, or any bank with which it may be merged or consolidated, or which succeeds to its business assets or any part thereof, by purchase or otherwise) which shall continue as the depository regardless of changes in the ownership of said land or the oil and gas. All such payments may be made by cash, check or draft, mailed or delivered on or before the due date for that payment. Any payments so made shall be binding on the heirs, devisees, executors, administrators, and personal representatives of lessor and on lessor's successors in interest or on lessor's assigns.

5. If, at the expiration of the primary term of this lease, oil or gas is not being produced from the leased premises but lessee is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted, and if production of oil or gas results from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced from the leased premises. If, after the expiration of the primary term of this lease, production on the leased premises should cease for any cause, this lease shall not terminate if lessee is then engaged in drilling operations, or within one hundred twenty days (120) after each such cessation of production commences or resumes drilling operations, and this lease shall remain in force so long as drilling operations are continuously prosecuted, and if production results therefrom, then as long thereafter as oil or gas is produced from the leased premises.

6. If at any time, either before or after the expiration of the primary term of this lease, there is a well capable of producing oil or gas on lands covered by this lease, or on other lands with which lands covered by this lease are pooled or unitized, but the well is shut-in, whether before or after production therefrom and this lease is not being maintained otherwise as provided herein, this lease shall not terminate (unless released by lessee) and it shall nevertheless be considered that oil or gas is being produced from lands covered by this lease during all times while the well is so shut-in. Lessee shall use reasonable diligence to market the oil or gas capable of being produced from such shut-in well, but shall be under no obligation to market the oil or gas under terms, conditions or circumstances which, in lessor's judgment exercised in good faith, are unsatisfactory. When the lease is continued in force in this manner, lessee shall pay or tender to the lessor or lessor's successors or assigns, an amount equal to \$1.00 per year per net mineral acre covered by the lease. Such payments shall be made on or before the shut-in royalty payment date, as defined below, next occurring after the expiration of one hundred twenty (120) days from the date the well was shut-in, unless prior to such date oil or gas from the well is sold or the lease is otherwise maintained as provided herein. In like manner, on or before each succeeding shut-in royalty payment date while such well remains shut-in, lessee shall make payment of shut-in royalty in the same amount and manner. The term "shut-in royalty payment date" shall mean the anniversary date of this lease. Any shut-in royalty payment may be made by cash, draft or check, mailed or tendered on or before the shut-in royalty date. Lessee's failure to pay or tender, or properly pay or tender, any such sum shall render lessee liable for the amount due but it shall not operate to terminate the lease.

7. If lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties, including shut-in royalty, herein provided shall be paid to lessor or to the proportion which lessor's interest bears to the whole and undivided fee. Any interest in production from the lands described herein to which the interest of lessor may be subject shall be deducted from the royalty herein reserved.

8. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells and reservoirs of lessor. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

9. Lessee shall pay to lessor reasonable amounts for damages caused by its operations to growing crops on said land. When requested by lessor, lessee shall bury its pipelines which traverse cultivated lands below plow depth. No well shall be drilled nearer than two hundred (200) feet to a house or barn now on said premises, without written consent of lessor. Lessee shall have the right at any time (but not the obligation), to remove all improvements, machinery, and fixtures placed or erected by lessee on said premises, including the right to pull and remove casing.

10. Lessee is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described above and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in lessor's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by lessee executing an filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has heretofore been completed or upon which drilling operations have been commenced.

Production, drilling or reworking operations or a well shut-in under this lease. In lieu of the royalties otherwise herein specified, lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be the proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit.

11. Lessee shall have the right to utilize, pool, or combine all or any part of the land described above as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions, and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease not terminate or expire during the life of such plan or agreement. In the event that the land described above or any part thereof shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated.

12. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the successors, successors and assigns of the parties, and in the event of an assignment or subletting by lessor, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in Ownership of the land, royalties, or other payments, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in ownership of said land or of the right to receive royalties or other payments hereunder, or of any interest therein, whether by reason of death, conveyance or any other matter, shall be binding on lessee (except at lessee's option in any particular case) until one hundred twenty (120) days after lessee has been furnished written notice thereof, and the supporting information hereinafter referred to, by the party claiming as a result of such change in ownership or interest. Such notice shall be supported by original and certified copies of all documents and other instruments or proceedings necessary in lessee's opinion to establish the ownership of the claiming party.

13. In the interest of conservation, the protection of reservoir pressures and recovery of the greatest climate yield of oil and/or gas, lessee shall have the right to combine the leased premises with other premises in the same general area for the purpose of operating and maintaining compressing and recycling facilities, and for such purpose may locate such facilities, including input wells, upon leased premises, and no royalties shall be payable hereunder upon any gas used for compressing and recycling operations benefiting the leased premises.

14. If lessor, during the primary term of this lease, receives a bona fide offer from a third party to purchase from lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with such lease to become effective upon expiration of this lease, which lessor is willing to accept from the offering party, lessor hereby agrees to notify lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after the receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein covered by the offer at the price and on the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this paragraph 14. Should lessee elect to purchase the lease pursuant to the terms hereof, it shall so notify lessor in writing by mail, telex, or telegram prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to lessor the new lease for execution by lessor along with lessee's cash draft payable to lessor in payment of the specified amount as consideration for the new lease, such draft being subject to approval of title according to the terms thereof. Upon receipt thereof, lessor shall promptly execute said lease and return same along with the draft through lessor's bank of record for payment.

15. In the event lessor considers that lessee has not complied with all its obligations hereunder, either express or implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this lease. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. This lease shall never be forfeited or rescinded for failure to perform in whole or in part any of its implied covenants, conditions, or stipulations until a judicial determination is made that such failure exists and lessee fails within a reasonable time to satisfy any such covenants, conditions, or stipulations.

16. All express and implied covenants of this lease shall be subject to all federal and state, county or municipal laws, executive orders, rules and regulations, and lessee's obligations and covenants hereunder, whether express or implied, shall be suspended at the time or from time to time as compliance with such obligations and covenants is prevented or hindered by or is in conflict with federal, state, county, or municipal laws, rules, regulations or executive orders asserted as official by or under public authority claiming jurisdiction, or Act of God, adverse field, weather, or market conditions, inability to obtain materials in the open market or transportation thereof, wars, strikes, lockouts, riots, or other conditions or circumstances not wholly controlled by lessee, and this lease shall not be terminated in whole or in part, nor lessee held liable in damages for failure to comply with any such obligations or covenants if compliance therewith is prevented or hindered by or is in conflict with any of the foregoing contingencies. The time during which lessee shall be prevented from conducting drilling or reworking operations during the primary term of this lease, under the contingencies above stated, shall be added to the primary term of the lease.

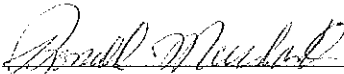
17. Lessor hereby warrants and agrees to defend the title to the lands described above, and agrees that the lessee, at its option, shall have the right at any time to pay for lessor, any mortgage, taxes or other liens existing, levied or assessed on or against the above described lands in the event of default of payment by lessor and be subrogated in the rights of the holder thereof, and lessor hereby agrees that any such payments made by lessee for the lessor may be deducted from any amounts of money which may become due the lessor under the terms of this lease.

18. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors in interest, in whole or in part, of said lessor or lessee.

19. With respect to and for the purpose of this lease, lessor, and each of them if there be more than one, hereby release and waive the right of homestead.

WHEREOF witness our hands as of the day and year first above written.

Ronald Murdock



9-14-09

ACKNOWLEDGMENT - INDIVIDUAL

STATE OF Utah X  
COUNTY OF Smith X

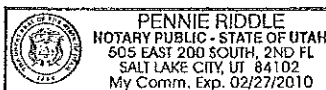
BEFORE ME, the undersigned, a Notary Public, in and for said County and State,  
on this 14 day of Sept, 2009, personally appeared Ronald Murdock, to me known to be the identical person's, described in and who executed the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free and voluntary act and deed, including the release and waiver of the right of homestead, and in the capacity stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires:

Notary Public

Address



## **EXHIBIT H**

Producers 88  
Rocky Mountain 1959  
(Pud-ly Rev 1996)

Entry 2009012338  
Book 1174 Page 511-512 \$12.00  
28-DEC-09 02:10  
RANDY SIMMONS  
RECORDER, UTAH COUNTY, UTAH  
MINERAL RIGHTS LEASING  
40 W 2100 S STE 134 SALT LAKE CITY UTAH  
Rec By: HEATHER COON, DEPUTY

## Paid-Up Oil and Gas Lease

THIS AGREEMENT, made and entered into this 21<sup>st</sup> day of August, 2009, by and between Stuart Murdock, a(n) married man dealing in his sole and separate property

of 8686 West Antler Avenue, Redmond, OR 97756, hereinafter called lessor (whether one or more), and Mineral Rights Leasing LLC, a Utah limited liability company whose address is 140 West 2100 South Suite #134, Salt Lake City, Utah 84115 Hereinafter called lessee  
WITNESSETH

1 That lessor, for and in consideration of TEN AND MORE dollars (\$ 10.00+) in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby grants, demises, leases and lets exclusively unto lessee the lands described below for the purpose of investigating, prospecting, exploring (by geophysical and other methods), drilling, mining, operating for and producing oil or gas, or both (as defined below), together with the right to construct and maintain pipelines, telephone and electric lines, tanks, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas (which right shall include specifically a right-of-way and easement for ingress to and egress from said lands by lessee, or its assignees, agents or permittees, necessary to or associated with the construction and maintenance of such pipelines, telephone and electric lines, tanks, ponds, roadways, plants, equipment, and structures on said lands to produce, save and take care of the oil and gas), and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata, and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land alone or conjointly with neighboring land, for the production, saving and taking care of oil and gas and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in the County of Uintah, State of Utah to wit:

Township 2 South, Range 1 East, U.S.M.  
Section 2: SE/4 SE/4

Entry 2009012338  
Book 1174 Page 511

And containing 40.00 acres, more or less

In addition to the land described above, lessor hereby grants, leases and lets exclusively unto lessee, to the same extent as if specifically described, lands which are owned or claimed by lessor by one of the following reasons: (1) all lands and rights acquired or retained by lessor by avulsion, accretion, reliction or otherwise as the result of a change in the boundaries or perimeter of any river or stream traversing or adjoining the lands described above; (2) all riparian lands and rights which are or may be incident, appurtenant, related or attributed to lessor in any lake, stream or river traversing or adjoining the lands described above by virtue of lessor's ownership of the land described above; (3) all lands included in any road, easement or right-of-way traversing or adjoining the lands described above which are or may be incident, appurtenant, related or attributed to lessor by virtue of lessor's ownership of the land described above; and (4) all strips or tracts of land adjacent or contiguous to the lands described above owned or acquired by lessor through adverse possession or other similar statutes of the state in which the lands are located

The term oil as used in this lease shall be interpreted to include any liquid hydrocarbon substances which occur naturally in the earth, including drip gasoline or other natural condensate recovered from gas without resort to manufacturing process. The term gas as used in this lease shall be interpreted to include any substance, either combustible or noncombustible, which is produced in a natural state from the earth and which maintains a gaseous or unified state at ordinary temperature and pressure conditions, including but not limited to helium, nitrogen, carbon dioxide, hydrogen sulphide, coal bed methane gas, casinghead gas and sulphur

Subject to the other provisions herein contained, this lease shall remain in force for a term of five (5) years years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced from the leased premises or drilling operations are continuously prosecuted. For purposes of this lease, a well completed for the production of coalbed methane gas shall be deemed to be producing gas under this lease at all times when desorbing of the coal seams from which the coalbed methane gas will be produced is occurring. For purposes of this lease, "drilling operations" shall include operations for the drilling of a new well and operations for the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to establish, resume or re-establish production of oil and gas, drilling operations shall be considered to be "continuously prosecuted" if not more than one hundred twenty (120) days shall elapse between the completion and abandonment of one well or hole and the commencement or drilling operations on another well or hole, drilling operations shall be deemed to be commenced for a new well at such time as lessee has begun the construction of the wellsite location or the road which provides access to the wellsite location, and drilling operations shall be deemed to be commenced with respect to reworking, deepening, plugging back or other operations conducted in an effort to resume or re-establish production of oil and gas at such time as lessee has the requisite equipment for such operations at the wellsite

2 The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the equal one-sixth (1/6) part of all oil produced and saved from the leased premises, or lessee may from time to time at its option purchase any royalty oil in its possession, paying the market price thereof prevailing for oil of like grade and gravity in the field where produced on the date of purchase

The lessee shall pay lessor, as royalty, on gas, including casinghead gas or other gaseous substances, produced from the leased premises and sold or used off the premises or used in the manufacture of gasoline or other products, the market value of the well of one-sixth (1/6) of the gas sold or used, provided that oil or gas sold the royalty shall be one-sixth (1/6) of the amount realized from such sale. The amount realized from the sale of gas shall be the price established by the gas sales contract entered into in good faith by lessee and a gas purchaser for such term and under such conditions as are customary in the industry. Price shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such fractions performed. Any transportation charges to the royalties herein will be at a rate that is similar to other transportation fees for production in the area.

3 This is a paid-up lease and all cash consideration first recited above and annual rentals have been paid to lessor in advance to keep this lease in full force and effect throughout the primary term. In consideration of the payment of such cash consideration and advance annual rentals, lessor agrees that lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of the land described above, and as to any strata or stratum, by delivering to lessor or by filing of record a release or releases, and be relieved of all obligations thereafter accruing to the acreage surrendered

4 Any payments required to be made to lessors pursuant to this lease, other than the payment of royalties, may be paid by lessee to the lessor or to lessor's credit in the Bank, at (Direct to Lessor) (or its successor or successors, or any bank with which it may be merged or consolidated, or which succeeds to its business assets or any part thereof, by purchase or otherwise) which shall constitute as the depository, regardless of changes in the ownership of said land or the oil and gas. All such payments may be made by cash, check or draft, mailed or delivered on or before the due date for that payment. Any payments so made shall be binding on the heirs, devisees, executors, administrators, and personal representatives of lessor and on lessor's successors in interest or on lessor's assigns

5 If at the expiration of the primary term of this lease, oil or gas is not being produced from the leased premises but lessee is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted, and if production of oil or gas results from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced from the leased premises. If, after the expiration of the primary term of this lease, production on the leased premises should cease for any cause, this lease shall not terminate if lessee is then engaged in drilling operations, or within one hundred (100) days (120) after each such cessation of production commences or resumes drilling operations, and this lease shall remain in force so long as drilling operations are continuously prosecuted, and if production results therefrom, then as long thereafter as oil or gas is produced from the leased premises

6 If at any time, either before or after the expiration of the primary term of this lease, there is a well capable of producing oil or gas on lands covered by this lease, or on other lands with which lands covered by this lease are pooled or unitized, but the well is shut-in, whether before or after production therefrom and this lease is not being maintained otherwise as provided herein, this lease shall not terminate (unless released by lessee) and it shall nevertheless be considered that oil or gas is being produced from lands covered by this lease during all times while the well is so shut-in. Lessee shall use reasonable diligence to market the oil or gas capable of being produced from such shut-in well, but shall be under no obligation to market the oil or gas under terms, conditions or circumstances which, in lessee's judgment exercised in good faith, are unsatisfactory. When the lease is continued in force in this manner, lessee shall pay or tender to the lessor or lessor's successors or assigns, an amount equal to \$1.00 per year per net mineral acre covered by the lease. Such payments shall be made on or before the shut-in royalty payment date, as defined below, next occurring after the expiration of one hundred twenty (120) days from the date the well was shut-in, unless prior to such date oil or gas from the well is sold or used or the lease is otherwise maintained as provided herein. In like manner, on or before each succeeding shut-in royalty payment date while such well remains shut-in, lessee shall make payment of shut-in royalty in the same amount and manner. The term "shut-in royalty payment date" shall mean the anniversary date of this lease. Any shut-in royalty payment may be made by cash, draft or check, mailed or tendered on or before the shut-in royalty date. Lessee's failure to pay or tender, or properly pay or tender, any such sum shall render lessee liable for the amount due but it shall not operate to terminate the lease

7 If lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties, including shut-in royalty, herein provided shall be paid to lessor only in the proportion which lessor's interest bears to the whole and undivided fee. Any interest in production from the lands described herein to which the interest of lessor may be subject shall be deducted from the royalty herein reserved

8 Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells and reservoirs of lessor. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing

9 Lessee shall pay to lessor reasonable amounts for damages caused by its operations to growing crops on said land. When requested by lessor, lessee shall bury its pipelines which traverse cultivated lands below plow depth. No well shall be drilled nearer than two hundred (200) feet to a house or barn now on said premises, without written consent of lessor. Lessee shall have the right at any time (but not the obligation), to remove all improvements, machinery, and fixtures placed or erected by lessee on said premises, including the right to pull and remove casing

10 Lessee is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described above and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas may be reformed to include such non-producing formations. The forming or reforming of any unit shall be accomplished by lessee executing an filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any and may include land upon which a well has heretofore been completed or upon which drilling operations have been commenced

Production, drilling or reworking operations or a well shut-in under this lease. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from the unit as pooled royalties 80% of the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit.

11. Lessee shall have the right to utilize, pool, or combine all or any part of the land described above as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions, and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease not terminate or expire during the life of such plan or agreement. In the event that the land described above or any part thereof shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land, and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated.

12. If the estate of either party herein is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sublessee, successors and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in Ownership of the land, royalties, or other payments, however accomplished, shall operate to relieve the obligations or diminish the rights of lessor or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessor, no change in ownership of said land or of the right to receive royalties or other payments hereunder, or of any interest therein, whether by reason of death, conveyance or any other matter, shall be binding on lessor (except at lessee's option in any particular case) until one hundred twenty (120) days after lessee has been furnished written notice thereof, and the supporting information hereinafter referred to, by the party claiming as a result of such change in ownership or interest. Such notice shall be supported by original and certified copies of all documents and other instruments or proceedings necessary in lessee's opinion to establish the ownership of the claiming party.

13. In the interest of conservation, the protection of reservoir pressures and recovery of the greatest ultimate yield of oil and/or gas, lessee shall have the right to combine the leased premises with other premises in the same general area for the purpose of operating and maintaining repressuring and recycling facilities, and for such purpose may locate such facilities, including input wells, upon leased premises, and no royalties shall be payable hereunder upon any gas used for repressuring and recycling operations benefiting the leased premises.

14. If lessor, during the primary term of this lease, receives a bona fide offer from a third party to purchase from lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with such lease to become effective upon expiration of this lease, which lessor is willing to accept from the offering party, lessor hereby agrees to notify lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessor, for a period of fifteen (15) days after the receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein covered by the offer at the price and on the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this paragraph 14. Should lessee elect to purchase the lease pursuant to the terms hereof, it shall so notify lessor in writing by mail, telex, or telegram prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to lessor the new lease for execution by lessor along with lessee's right draft payable to lessor in payment of the specified amount as consideration for the new lease, such draft being subject to approval of title according to the terms thereof. Upon receipt thereof, lessor shall promptly execute said lease and return same along with the draft through lessor's bank of record for payment.

15. In the event lessor considers that lessor has not complied with all its obligations hereunder, either express or implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this lease. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessor aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessor has failed to perform all its obligations hereunder. This lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its implied covenants, conditions, or stipulations until a judicial determination is made that such failure exists and lessee fails within a reasonable time to satisfy any such covenants, conditions, or stipulations.

16. All express and implied covenants of this lease shall be subject to all federal and state, county or municipal laws, executive orders, rules and regulations, and lessor's obligations and covenants hereunder, whether express or implied, shall be suspended at the time or from time to time as compliance with such obligations and covenants is prevented or hindered by or is in conflict with federal, state, county, or municipal laws, rules, regulations or executive orders asserted as official by or under public authority claiming jurisdiction, or Act of God, adverse field, weather, or market conditions, inability to obtain materials in the open market or transportation thereof, wars, strikes, lockouts, riots, or other conditions or circumstances not wholly controlled by lessee, and this lease shall not be terminated in whole or in part, nor lessee held liable in damages for failure to comply with any such obligations or covenants if compliance therewith is prevented or hindered by or is in conflict with any of the foregoing eventualities. The time during which lessee shall be prevented from conducting drilling or reworking operations during the primary term of this lease, under the contingencies above stated, shall be added to the primary term of the lease.

17. Lessor hereby warrants and agrees to defend the title to the lands described above, and agrees that the lessee, at its option, shall have the right at any time to pay for lessor, any mortgage, taxes or other liens existing, levied or assessed on or against the above described lands in the event of default of payment by lessor and be subrogated to the rights of the holder thereof, and lessor hereby agrees that any such payments made by lessee for the lessor may be deducted from any amounts of money which may become due the lessor under the terms of this lease.

18. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors in interest, in whole or in part, of said lessor or lessee.

19. With respect to and for the purpose of this lease, lessor, and each of them if there be more than one, hereby release and waive the right of homestead.

WHEREFORE witness our hands as of the day and year first above written

*Stuart Murdock*  
Stuart Murdock

#### ACKNOWLEDGMENT - INDIVIDUAL

STATE OF Oregon X  
COUNTY OF Deschutes X

BEFORE ME, the undersigned, a Notary Public, in and for said County and State,  
on this 31 day of August, 2009, personally appeared Stuart Murdock, to me known to be the identical person's, described in and who executed the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free and voluntary act and deed, including the release and waiver of the right of homestead, and in the capacity stated therein  
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written

My Commission Expires April 10, 2013

Notary Public

Address

*Angela K Farmer*  
601 S. 14th St., Redmond, OR 97756

